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May 29, 2003

**Via Electronic Filing**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, DC 20554

Re: *Notice of Ex Parte Presentation:* AT&T Corp. Petition for Rulemaking To Reform Regulation Of Incumbent Local Exchange Carrier Rates For Special Access Services, RM No. 10593.

Dear Ms. Dortch;

On Thursday, May 29, 2003, Paul Malandrakis and I met with Tamara Preiss, Deena Shetler, Aaron Goldschmidt, Alvaro Gonzalez, Kathleen O'Neil, Victoria Schlesinger, Jeremy Marcus, Joshua Swift, Douglas Galbe, Margaret Dailey and Raj Kannan of the Wireline Competition Bureau to discuss RM No. 10593. AT&T reiterated its request for prompt action to reform price cap ILEC rates for special access services. AT&T stated that the comments and reply comments were very clear, there is indisputable proof that the large ILECs and particularly the Bells, retain market power in the provision of special access services, the ILECs are abusing that power with unjust and unreasonable rates and that the FCC's existing rules cannot address this worsening crisis. The attached charts were referred to during the meeting.

The positions expressed by AT&T were consistent with those expressed in AT&T's filed in its petition and reply comments.

Consistent with the Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the proceedings.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick H. Merrick".

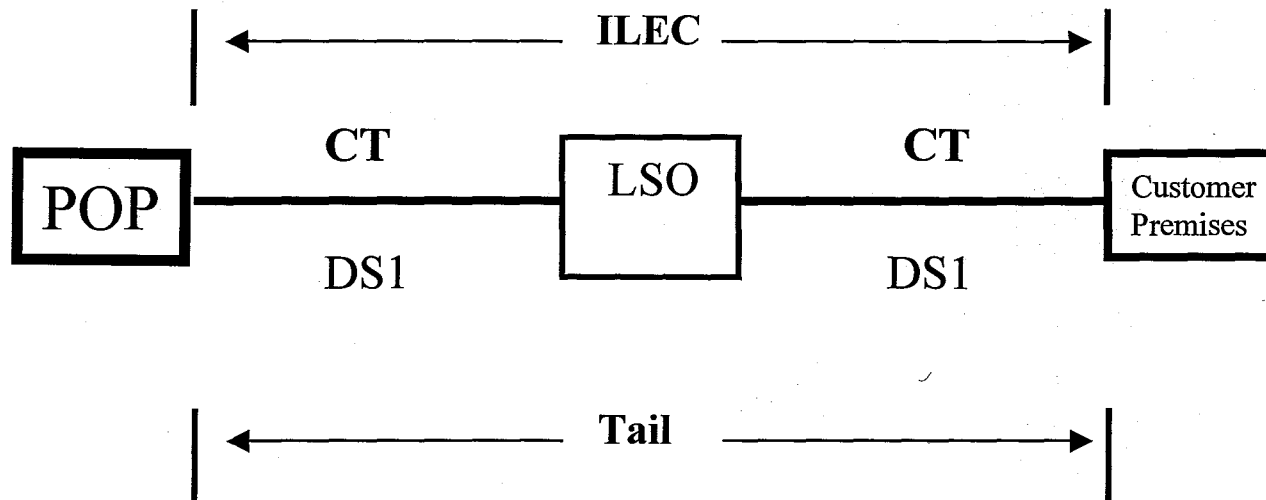
Attachments

CC: Meeting Attendees

# Special Access Architectures

## A: Stand alone DS1 w/0 Mileage (only 1 LSO)

- DS1 Tail: POP to Customer Premise
- ILEC Access
- 0 Mileage



### Access Elements (red)

- CT: Channel Termination

### Access Service (black)

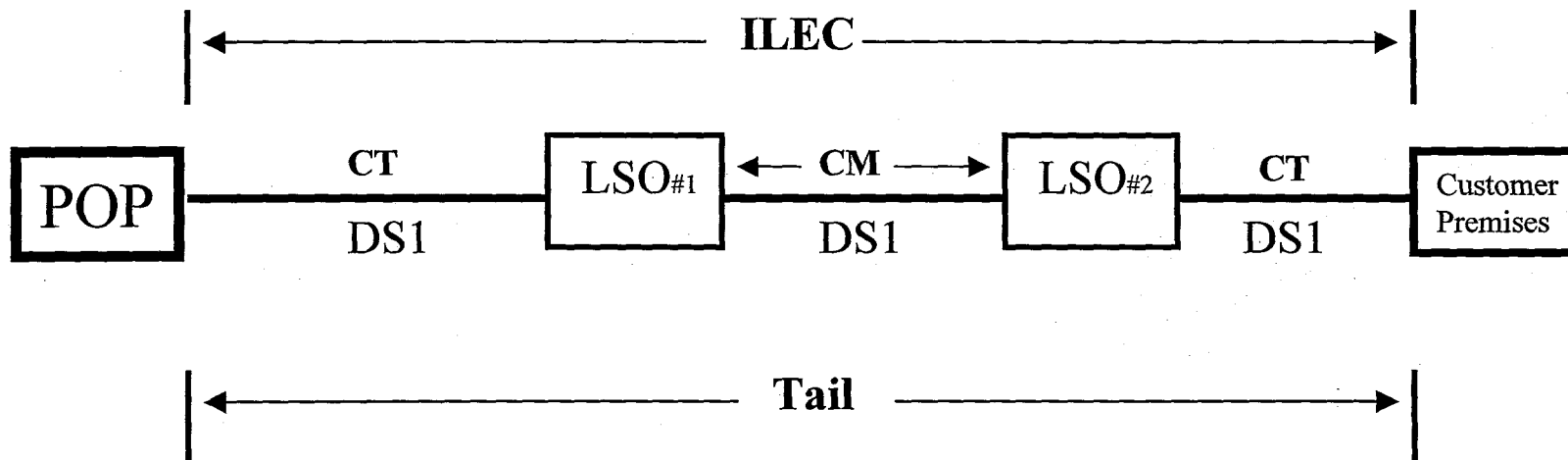
- DS1: High Capacity 1.544 Mpps (24 DS0 channels)

### ILEC Access (blue)

# Special Access Architectures

## B: Stand alone DS1 w/LSO to LSO Mileage

- DS1 Tail: POP to Customer Premise
- ILEC Access
- "X" Mileage



### Access Elements (red)

- CT: Channel Termination
- CM: Channel Mileage (Fixed & per Mile)

### Access Service (black)

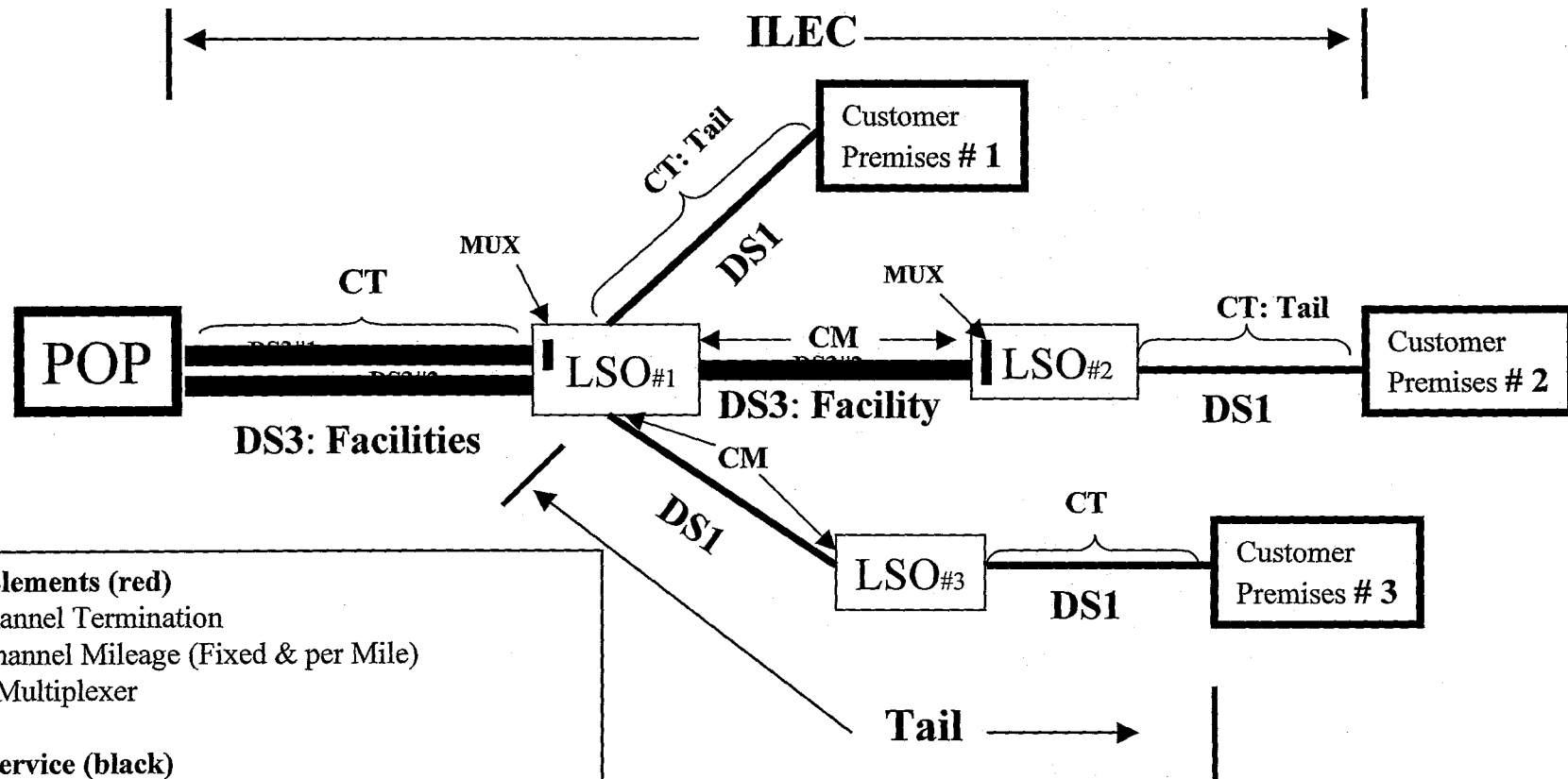
- DS1: High Capacity 1.544 Mpps (24 DS0 channels)

### ILEC Access (blue)

# Special Access Architectures

## C: DS3 Facilities and DS1 Tails

- DS3 Facilities: POP to LSO
- DS1 Tails: LSO to Customer Premises
- All ILEC Access
- Zero Mileage and "X" Mileage



## 2001 Financial Data for Interstate Special Access

(\$thousands)

		11.25%	
LEC	Revenue	ROR	Rev. change for 11.25% ROR Dollars                  Percent
Ameritech	\$1,395,500	68.9%	(\$1,009,333)          -72.3%
Nevada Bell	\$27,628	82.2%	(\$19,216)            -69.6%
Pacific Bell	\$1,182,468	56.4%	(\$666,182)          -56.3%
Southwest Bell	\$1,449,880	41.2%	(\$714,680)          -49.3%
SNET	\$238,800	68.7%	(\$142,263)          -59.6%
Total SBC	\$4,294,276	54.6%	(\$2,551,675)        -59.4%
Verizon-South	\$1,836,921	28.7%	(\$658,930)          -35.9%
Verizon-North	\$1,370,425	3.4%	\$343,283             25.0%
GTE/Contel	\$1,145,685	58.7%	(\$690,882)          -60.3%
Total Verizon	\$4,353,031	21.7%	(\$1,006,529)        -23.1%
BellSouth	\$1,831,143	49.3%	(\$966,304)          -52.8%
Qwest	\$1,528,226	46.6%	(\$710,428)          -46.5%
Sprint/United	\$317,589	131.7%	(\$234,530)          -73.8%
<b>TOTAL LEC</b>	<b>\$12,324,265</b>	<b>38.3%</b>	<b>(\$5,469,466)        -44.4%</b>

**2002 Financial Data for Interstate Special Access**  
**(\$thousands)**

LEC	Revenue	Net Investment	Net Return	ROR	Rev. change for 11.25% ROR	
					Dollars	Percent
Ameritech	\$1,331,496	\$697,936	\$588,503	84.3%	(\$839,482)	-63.0%
Nevada Bell	\$28,966	\$20,400	\$12,946	63.5%	(\$17,533)	-60.5%
Pacific Bell	\$1,202,608	\$949,969	\$468,492	49.3%	(\$595,260)	-49.5%
Southwest Bell	\$1,539,302	\$1,446,120	\$542,639	37.5%	(\$625,433)	-40.6%
SNET	\$232,925	\$180,352	\$78,985	43.8%	(\$96,618)	-41.5%
<b>Total SBC</b>	<b>\$4,335,297</b>	<b>\$3,294,777</b>	<b>\$1,691,565</b>	<b>51.3%</b>	<b>(\$2,174,325)</b>	<b>-50.2%</b>
Verizon-South	\$2,141,454	\$2,166,432	\$752,172	34.7%	(\$836,952)	-39.1%
Verizon-North	\$1,688,181	\$2,570,121	\$74,165	2.9%	\$353,866	21.0%
GTE/Contel	\$1,134,262	\$920,607	\$483,900	52.6%	(\$626,060)	-55.2%
<b>Total Verizon</b>	<b>\$4,963,897</b>	<b>\$5,657,160</b>	<b>\$1,310,237</b>	<b>23.2%</b>	<b>(\$1,109,147)</b>	<b>-22.3%</b>
BellSouth	\$1,995,064	\$1,440,832	\$815,930	56.6%	(\$1,076,274)	-53.9%
Qwest (2001)	\$1,528,226	\$1,407,245	\$646,769	46.0%	(\$804,039)	-52.6%
Sprint/United	\$384,811	\$98,761	\$192,765	195.2%	(\$299,020)	-77.7%
<b>TOTAL LEC</b>	<b>\$13,207,295</b>	<b>\$11,898,775</b>	<b>\$4,657,266</b>	<b>39.1%</b>	<b>(\$5,462,805)</b>	<b>-41.4%</b>

## Interstate Rate of Return on Special Access

